

**REQUEST FOR PROPOSALS FOR PROFESSIONAL SERVICES
TO PROVIDE INVESTMENT CUSTODY SERVICES
ISSUED BY OFFICE OF STATE TREASURER**

I. Overview

The State of Delaware Office of State Treasurer (“OST”) seeks Investment Custody Services for the Cash Management Pool. This request for proposals (“RFP”) is issued pursuant to 29 *Del. C.* §§ 6981, 6982 and 6986.

The proposed schedule of events subject to the RFP is outlined below:

Public Notice	Date: April 16, 2010
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Deadline for Receipt of Proposals	Date: June 4, 2010
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Notification of Award	Date: TBD
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Each proposal must be accompanied by a transmittal letter which briefly summarizes the proposing firm’s interest in providing the required professional services. The transmittal letter must also clearly state and justify any exceptions to the requirements of the RFP which the applicant may have taken in presenting the proposal. Furthermore, the transmittal letter must attest to the fact that no activity related to this proposal contract will take place outside of the United States. The State of Delaware reserves the right to deny any and all exceptions taken to the RFP requirements.

II. Scope of Services

The State of Delaware Cash Management Pool Fund is approximately \$1.8 billion. The State of Delaware uses professional managers to invest the State's cash according to investment policies and guidelines set by the Cash Management Policy Board (the "Board"). The Investment Managers are Wilmington Trust (2 accounts – Liquidity and Cash), JP Morgan (1 account – Liquidity), Wells Capital (1 account – Liquidity), Bank of New York Mellon (1 account – Liquidity) and Schroder's (3 accounts – Intermediate Cash Reserve and two Endowment accounts). The Board oversees the prudent management of the Cash Management Pool as specified in the Statutory Authorization (a complete State of Delaware Cash Management Statement of Objectives and Guidelines is provided separately as Attachment 1.) Also, the OST has specialized reporting requirements provided separately as Attachment 2 and Attachment 3. All documents are available in electronic form [only] through the State of Delaware, Office of State Treasurer website at <http://treasurer.delaware.gov/services/rfps.shtml>.

The OST desires to enter into a custody relationship with a qualified vendor for the purpose of providing comprehensive custody services for the Cash Management Pool of the State of Delaware. The core requirements are:

- Safekeeping of U.S. Assets held by Investment Managers
- Settlement and Trade Processing
- Accounting and Reporting
- Requisite Unit or Dollar Trust/Plan Accounting for proper allocation of income earned to participants
- Performance Measurement and Analytics
- Investment Guideline Compliance Monitoring Service
- Risk and Internal Controls
- Accurate and Timely Pricing
- Internet Access
- Client Servicing

Of particular concern to the State are cost-effective solutions that embrace technology and expert systems, and a disciplined approach in the delivery of custody services. Lastly, the State would like to have a knowledgeable, seasoned and responsive client servicing team assigned to its account. This is very important.

The State may elect to purchase additional services that may enhance the cash management and administration of the Cash Management Pool. The purpose of this RFP is to notify qualified custody institutions of this intention, to formally request proposals, and to disseminate information that would assist custody providers in the preparing and submitting proposals to provide these services to the State.

The State invites your organization to visit the State of Delaware website at <http://delaware.gov/> for all relevant information regarding the State, its people, and services.

When responding to this request, the State encourages you to describe the ways in which you believe your organization's service capability is unique or would add particular value. Please be succinct in your answers and, if certain services cannot be provided, please so state where appropriate.

III. Required Information

The following information shall be provided in each proposal in the order listed below. Failure to respond to any request for information within this proposal may result in rejection of the proposal at the sole discretion of the State.

A. Minimum Requirements

1. Delaware business license:
Provide evidence of a Delaware business license or evidence of an application to obtain the business license.
2. Professional liability insurance:
Provide evidence of professional liability insurance in the amount of \$1.0 million.
3. At least \$1 billion in total market capitalization.
4. At least \$500 billion in total tax-exempt assets under trust/custody.
5. At least \$25 billion in corporate and public cash pools under custody.
6. Minimum of 5 years experience in providing accounting and reporting for cash pools of institutional clients – corporate or public.
7. Minimum of 10 years experience in providing trust/custody services for institutional investors.

B. General Evaluation Requirements

a) Experience

1. State your firm's lines of business. Where does custody of institutional clients fit within the organization as a service or product offering?
2. List the office location (primary and secondary) from which the work is to be delivered
3. What is the approximate revenue contribution of your Institutional Trust and Custody Business to overall company revenue in percentage terms?
4. Are there any current organizational issues (i.e., mergers, acquisitions, personnel changes, business concerns, etc.) about your institution that we should know about? How about the last three years?

5. Provide the number of your organization's clients as categorized in the following matrix. Report aggregate values of their total assets under custody in US\$ millions for periods specified.

Total Tax Exempt Trust and Custody Clients Only

	Total Number of Clients	Asset Value (US\$ millions)
2005		
2006		
2007		
2008		
2009		
2010 YTD		

6. Provide the number of your organization's clients as categorized in the following matrix. Report aggregate values of their total assets under custody in US\$ millions for periods specified.

Corporate and Public Cash Pools Custody Clients Only

	Total Number of Clients	Asset Value (US\$ millions)
2005		
2006		
2007		
2008		
2009		
2010 YTD		

7. Provide the number of tax-exempt trust and custody accounts, including global custody clients, gained and/or lost for the periods listed in the following matrix. Report corresponding market values in US\$ millions as of initiation date for clients gained and termination date for clients lost.

Total Trust and Custody Clients Only

	Clients Gained (Number)	Clients Gained (US\$ millions)	Clients Lost (Number)	Clients Lost (US\$ millions)
2005				
2006				
2007				
2008				
2009				
2010 YTD				

8. Please enumerate the top five (5) State or Public clients that your organization provides custody for their cash pool accounts (specifically, not related to retirement pools of assets).

Client Name	Market Value of Assets under Custody (US\$ million)	Client Relationship Manager and Location

9. Please enumerate the top five (5) Corporate clients that your organization provides custody for their cash pool accounts (specifically, not related to retirement pools of assets).

Client Name	Market Value of Assets under Custody (US\$ million)	Client Relationship Manager and Location

10. Provide your organization's client distribution as specified in the following table. Report aggregate market values of total assets under custody in US\$ million as of March 31, 2010.

Tax-Exempt Client Asset Size Distribution

Distribution	Number of Clients	Number of Plans	Aggregate Market Value (US\$ millions)
<i>Taft Hartley-Union</i>			
Below \$500 million			
\$500+ million to \$1 billion			
\$1+ billion to \$5 billion			
\$5+ billion and Up			
<i>Corporate</i>			
Below \$500 million			
\$500+ million to \$1 billion			
\$1+ billion to \$5 billion			
\$5+ billion and Up			
<i>Public Fund</i>			
Below \$500 million			
\$500+ million to \$1 billion			
\$1+ billion to \$5 billion			
\$5+ billion and Up			
<i>Endowments & Foundations, etc.</i>			
Below \$500 million			
\$500+ million to \$1 billion			
\$1+ billion to \$5 billion			
\$5+ billion and Up			
TOTAL			

b) Client Servicing

- 1) What is your approach to client servicing? What would be the most distinct element of your client servicing approach that the State would benefit from and considered exceptional relative to the custody industry?
- 2) How do you propose to staff for the State both from a client servicing and actual daily service deliverables? Will your organization assign a day-to-day administrator to act as the point of contact for the Office of the Treasurer?
- 3) What is the turnover over the last three years of the client servicing staff to be assigned to the State?

- 4) Please provide the names and bios of the client servicing team members as follows and as specified in the table below:
- Client Servicing (including Conversion Team)
 - Accounting and Reporting

Name	Responsibility	Location	Number of Client Relationships	Years with Bank	Years Experience and Credentials

- 5) Does the team handle other public or corporate fund clients with the same configuration as that of the State? Please enumerate other clients handled by the team.
- 6) Do the client servicing personnel (i.e., relationship manager and accountants) maintain a procedures manual for each client? What is the typical content of such a manual?
- 7) Do you employ a formal client feedback survey to measure how well you are delivering the requirements of a client?
- 8) Do you incorporate a “sundown” rule for problem resolution and follow-up within the survey?
- 9) Please discuss opportunities, which your financial institution offers to clients for training and continuing education, and whether those educational opportunities would be available to the State.
- 10) Are you able to provide different levels of training and education to the State – at a minimum of 40 hours a year?
- 11) Please provide tangible examples of “working partnership w/ clients” (e.g., State Treasurers) to develop best in class service. How do you develop best in class, best practice initiatives for clients?
- 12) Is your institution willing to establish a service level agreement with performance standards in addition to the custody contract/agreement? Do you have other clients that a service agreement is instituted to evaluate your institution's performance? If yes, please provide a recent service level agreement with an actual client (name of customer may be deleted).

c) **Risk and Insurance**

- 1) Please enumerate substantive issues raised by independent auditors in your SAS 70 and issues published in your Form 10-Q. Provide a copy of the most recent annual report, Form 10-Q and SAS 70. Kindly label appropriately.
- 2) Provide the following data and explain its implication.

**Capital Base
December 31, 2009**

Capital Requirements	Current Ratios	Current Requirements
Tier 1 Capital Ratio		
Total Capital Ratio		
Leverage Ratio		

- 3) Provide your organization's current short term and long term credit rating.
- 4) Describe the various types of insurance coverage and indemnification provided to protect clients of service(s) proposed. Each description should include:
 - Risk Coverage
 - Carriers
 - Levels
 - Limits
 - Deductibles
 - Expiration
- 5) Is there any pending or threatened litigation against your organization? Is there any agency supervision? What has been your experience with regard to litigation or agency supervision over the past five years?
- 6) Does your organization subcontract any of the services required by the State? Kindly state contract vendor name and for which service functions or deliverables.
- 7) Please describe your business continuity and disaster recovery plans. When was the most recent test done? Indicate the date and results of the last testing of such emergency plan(s) and immediately report to the State the results of any subsequent test.
- 8) What will be the recovery time(s) and service level for critical custodial services in the case of a major disaster?

d) **Systems, R&D and Technology**

- 1) What are the Technology, Research & Development and Systems budgets (in actual US\$ terms) specific to trust and custody services over the next three years? What has been spent in the last three years?
- 2) Are custody systems shared by other areas of the bank? Are there any time or resource constraints applicable to any shared systemic usage?
- 3) Provide a brief description of the information delivery system or workstation for client interface. Describe the levels of service, if any.
- 4) Is the above information delivery system subcontracted or in-house? If subcontracted, please specify the vendor name and release number, including the description of the relationship and how access to the source code is defined.
- 5) What data is available in your organization's on-line delivery system (i.e., assets, transactions, corporate actions, pending trades, receivables, accruals, compliance checking, cash positions & management and forecasting, performance, analytics, etc.)? Is training provided during the initial stages of conversion and ongoing?
- 6) What technical support and client service resources will be dedicated to the State account for the purposes of installing, upgrading, supporting, troubleshooting, and maintaining your on-line client information delivery products?
- 7) Would the State be required to use a specific Operating System (such as Microsoft Windows XP) to receive and view data? Can you deliver data via an internet portal?

- 8) Is information access done “real time on-line” or nightly batch download for the on-line systems? Please be specific.
- 9) Can we access your Internet deliverable and test-drive the application? If yes, please provide the site name and appropriate password.
- 10) How current is your available on-line information and how frequently is it updated (i.e., real time – 5 to 20 minute delay, intraday (twice daily), end of day, or nightly batch load for next day morning access)? How many hours per day and days per year is it available?
- 11) What is your vision over the next five years in terms of your technology and processing capabilities that will ensure your competitiveness and existence?
- 12) Describe in full, your T+1 and Straight Through Processing (STP) initiatives, including project timelines and enhancements to your current processing environment.

e) **Trade Processing, Settlement and Custody**

- 1) Are you able to meet the following functions?
 - Accept daily instructions from the investment managers.
 - Advise investment managers of daily changes in cash equivalent balances.
 - Immediately advise investment managers of additions or withdrawals from account.
 - Resolve any problems that investment managers may have relating to custodial account.
 - Safekeeping of securities.
 - Interest and dividend collection.
 - Process all investment manager transactions.
 - Collect proceeds from maturing securities.
 - Disburse all income or principal cash balances as directed.
 - Provide monthly statements by investment manager account and consolidated statement of all assets on a total pool level and/or plan and participant unit levels.
- 2) What is distinct about your custodial capabilities that we should know about relative to the State of Delaware Cash Management Pool?
- 3) Are custody and accounting systems operating on an exception based processing environment?
- 4) Briefly describe the method and frequency of reconciling the custodian's positions with its depositories and sub-custodians.
- 5) What securities have been misplaced or lost during the last three years? If any have been misplaced, describe the circumstance(s) and what was done to correct the problem.
- 6) Briefly describe the procedures used to ensure that physical securities are properly registered, transferred and in general, held, delivered and/or received in good deliverable form. Include any second party banks in the clearing of such securities.
- 7) State the value of assets held as of March 31, 2010 at Depository Trust Company and Federal Reserve and the length of the direct participant relationship with the custodians.
- 8) What were the trade volume (number and market value size) that you processed for the year ending March 31, 2010 and failed trades for US securities?

Trades	Volume (Number)	Total Market Value in US\$ millions	Fail Rate (%)
Purchases			
Sales			

- 9) In the format below, please provide the purchases and sales fail rate for each of the last three years for the following securities.

Securities	Purchase Fails for the last Three Years Ending December 31,2009 (%)	Sale Fails for the Last Three Years Ending December 31,2009 (%)
Domestic Bonds – Short Term and Intermediate		
Mortgage Backed Securities/Structured Notes/Derivatives		

- 10) Briefly describe the custodian's policy and procedures on failed trades for domestic fixed income and short term securities and the steps that will be taken to minimize trade failures.
- 11) Describe the custodian's "DK" procedures. How much time elapses until client notification? Describe the custodian's policy regarding restitution of lost interest to the State on a failed trade.
- 12) Do you offer remedies for each level of failed trades? Please describe.
- 13) Does your organization employ actual or contractual settlement date? Describe which methodology will be provided to the State for all asset classes and the reasons behind such a policy.
- 14) It is the requirement of the State to have contractual settlement. Is this requirement acceptable?
- 15) How are you addressing the requirements of STP Processing within the context of the custody and safekeeping of cash asset pools?

f) Income Collection

- 1) Describe the custodian's standard policies on cash crediting and debiting, including cut-off deadlines for all securities, including an emphasis on domestic short term, intermediate and long term fixed income securities.
- 2) Describe your procedures for ensuring that interest or income is paid.
- 3) Will payments be credited in same day funds or clearinghouse funds for domestic securities?
- 4) When and in what instances do you rescind contractual income collections? What is/are your policy(s) for domestic fixed income securities, including short term instruments?
- 5) Does your organization have an auto credit program? If yes, describe the reason behind such a program? If no, why? Is there a fee associated with this service?
- 6) Do you track late collections of income? Can you produce a tracking report detailing outstanding claims? Do you notify clients of failures to collect or late collections of income?

g) Accounting and Reporting

- 1) What is your investment manager reconciliation policy and procedure before audited statements are sent to clients? Is this proactive, reactive, or is the onus with the investment manager to reconcile to your information?
- 2) Do you have built-in interfaces with the investment managers (separate and commingled) of the State? Please specify for each manager.

Manager	Phone/Fax	On-line/Internet	STP – Omgeo/Fed Book SWIFT/ISO
Wilmington Trust			
JP Morgan			
Wells Capital Management			
Bank of New York Mellon			
Schroder Asset Management			

- 3) Describe your organization's trust and plan (unit or dollar) accounting capability (include system name and year developed).
- 4) Is the system maintained in-house or subcontracted or service bureau arrangement with a third-party?
- 5) If subcontracted, please specify the vendor name and release number, including the description of the relationship and how access to the source code is defined.
- 6) The allocation of earned income, assets and transactions to participating units (i.e., School Fund, Special Fund and General Fund) are crucial to the Office of the State Treasurer. How can your organization assist in this area – capabilities, systems, technology and client support at the Pool Level, Participating Fund Levels, and the Participating Unit Level?
- 7) If your capabilities are limited, should the Office of the State Treasurer consider a transfer agency solution? Kindly describe how such a transfer agency solution would be beneficial?
- 8) Does your organization have a general ledger accounting system in a full accrual trade date multi-currency basis?
- 9) Enumerate a complete description of the general ledger system and the accounting fields (asset and transaction buckets, debit and credit tables, etc.) available.
- 10) What are the different cost methodologies that you are able to deploy specific to fixed income securities?
- 11) Do you have the ability to do straight line, scientific amortization and other relevant accounting capabilities for cash pools?
- 12) The State considers the cash pool accounting provider as the "book of record" for assets and transactions. Do you accept this responsibility? Please describe.
- 13) What are the future or planned enhancements to your current accounting and reporting system? If planned changes or enhancements are envisioned, what are the advantages to clients?
- 14) Enumerate all data vendors utilized by your institution for pricing, fixed-income, derivatives (i.e., swaps, futures, etc.) and mortgage factors, etc. Specify primary, secondary and tertiary sources.

Pricing Sources	For what type of Securities, Instruments or Asset Class	Specify if Primary or Secondary	Daily Feeds (Yes or No)

- 15) What types of reports are available to clients? List both standard and non-standard reports. Please provide samples.
- 16) Does your organization provide training in the interpretation and generation of accounting reports during the initial stages of conversion and on going?

- 17) How many business days following the end of a reporting period are fully audited reports delivered via electronic delivery (i.e., on-line, PC download, CD, multimedia, etc.)?

Report Type <i>Sample Only</i>	# of Days Audited (On-line)	# of Days Unaudited (On-line)
Asset Statement		
Transactions		
Pending Trades		
Income		
Other		

- 18) Can the State be assured that audited statements will be available on the 5th business day after month end? Please explain.
- 19) Describe the basis for monthly audited reports. Are the asset holdings and transactions based on settlement date accounting, settlement date accounting with pending trade adjustments, or trade date accounting?

i) Cash Management (Short Term Investment Management) – For Informational Purposes Only

Please note that State utilizes third-party short term cash managers to manage idle cash balances. The following information is for informational purposes only.

- 1) What investment vehicles are available for short-term investments (i.e., STIF, Active Cash, Extended Maturity, etc.) applicable to the State? Please identify and describe investment policies and guidelines, including each of the following for each fund or investment vehicle.
- Investment Philosophy/Investment Advisor
 - Objectives and Guidelines
 - OCC Reg 9 or SEC Rule 2a-7
 - Exposure Limits
 - Credit Quality
 - Duration
 - Maturity
 - Derivatives Policy
 - Floating Rate Note Policy
 - Quarterly Investment Performance Net of Fees - for the last five years
 - Total expense ratio for these services
- 2) For each, what is the total asset management fee (expense ratio) that you are able to provide on a relationship pricing basis?
- 3) For each of the short term investment funds or vehicles available, what are the current market values as of March 31, 2010? For each of the funds, what is the market value holding percentage controlled by the three biggest participants in the funds?
- 4) Do you charge daily transaction costs for cash sweeps or 12-b1 fees?
- 5) What is your daily overdraft policy? What is your schedule of charges for overdraft positions?

- 6) What is the cut-off time for cash contributions received during the day and invested same day? What is the latest cut-off and what sweep vehicle or fund would that be?
- 7) Do you require a one to two-day maximum notification prior to cash disbursements?
- 8) Do you have the capability to provide a cash availability projection report? How many days is the cash projection (i.e., 5 days, 10 days, 30 days, 60 days, 90 days or 180 days)?

h) Performance Measurement/Analytics

- 1) Do you have a dedicated performance and analytics group? Please describe.
- 2) Can your organization provide monthly, quarterly, calendar and fiscal year-to-date, annual, one (1) year, three (3) year, five (5) year, ten (10) year, and since inception performance?
- 3) Can performance, gross and net of fees, be calculated for each period?
- 4) Can you backload historical returns?
- 5) Describe the process to assure GIPS/AIMR compliance.
- 6) What are the types of analytics and performance measurement currently available to clients specific to Fixed Income – short term, intermediate and long term? Include a description of how the external provider's system will be integrated with your records and the controls you will institute to ensure and validate the completeness, accuracy and integrity of the data and information generated by the system.
- 7) Are all of the performance measurement and analytic services described in the question above available on-line? If not, enumerate and specify the planned date of introduction for each.
- 8) Are there different levels of performance measurement and analytics services? If there are different service levels, describe whether they reside in one performance measurement module/system or multiple modules/systems.
- 9) What are your key strengths in the area of performance measurement and analytics specific to fixed income securities? What is different about your performance measurement and analytics capabilities in the area of fixed-income that we should know about?
- 10) What are relative weaknesses or capabilities that needs enhancement in your performance
- 11) Do you have drill down capabilities for commingled funds?
- 12) With reference to on-line delivery, does the State need to subscribe to third party vendors and separate on-line systems?
- 13) What benchmarks and universes are available? Are they available on-line? How far back do you carry historical returns?
- 14) Provide sample reports of performance measurement and analytics services for fixed income.
- 15) How many business days after month end are the performance reports available via hardcopy and on-line?

i) Investment Guideline Compliance and Risk Management

- 1) Is there a separate risk and control system, as well as a dedicated group, for derivatives and transaction risk management? When did you introduce the system?

- 2) What makes the system valuable to the client?
- 3) Does the system integrate guideline compliance into the automated trading process and actively monitor transactions and portfolio composition?
- 4) What are the different levels of compliance monitoring (i.e., basic, intermediate or advanced) that you provide? Are there different costs or fees for each level for your compliance monitoring services?
- 5) Is this compliance monitoring performed for all asset classes? Is it performed daily? Is it on a Post-Trade, Pre-Settlement basis? Is it available on-line?
- 6) What is distinct about your compliance monitoring service specific to fixed income securities?
- 7) How are clients and investment managers notified of a violation or breach in the investment policy and guidelines?
- 8) Are derivatives monitoring, risk control and compliance check services provided to any clients? Furnish three (3) client references currently using this service.

j) **Pricing**

- 1) Please provide an annual flat fee for custody services required by the Office of the State Treasurer. The flat fee should be quoted in a flat dollar (in US dollars) and flat asset based basis.

Monthly Valued and Unitized Structure

Cash Management Pool	Flat Dollar Fee	Flat Asset Base
1 st Year		
2 nd Year		
3 rd Year		
4 th Year		
5 th Year		

- 2) What are the overdraft charges?
- 3) Identify the services included in the flat fee stated in Item 1):

a) Full Trust/Custody Services? **yes** ____ **no** ____

If **no**, what are the charges?

Safekeeping	\$ _____ charge or fee
Asset Servicing	\$ _____ charge or fee
Transaction Processing	\$ _____ charge or fee

b) Multicurrency Full Accrual Trade Date Accounting and Reporting? **yes** ____ **no** ____

If **no**, what are the charges?

Standard reports	\$ _____ charge or fee
Securities Lending Reports	\$ _____ charge or fee
Customized reporting	\$ _____ charge or fee

c) Accounting - Monthly Valuation? **yes** ___ **no** ___

If **no**, what are the charges?

Per portfolio \$ _____ charge or fee

Per Asset Level, Fund or Composite \$ _____ charge or fee

d) Unit Accounting (Allocation of Earnings) for Participating Units **yes** ___ **no** ___

If **no**, what are the charges?

Per participating unit \$ _____ charge or fee

Others \$ _____ charge or fee

e) Daily On-line/Internet services? **yes** ___ **no** ___

If **no**, what are the charges?

Daily NAVs (Unaudited) \$ _____ charge or fee

Daily Asset Values \$ _____ charge or fee

Daily Transactions \$ _____ charge or fee

Daily Cash \$ _____ charge or fee

Standard reports \$ _____ charge or fee

Customized reporting \$ _____ charge or fee

Executive and Board reporting \$ _____ charge or fee

Income Inquiry Reports \$ _____ charge or fee

Rate of Return Calculations \$ _____ charge or fee

Performance Analytics \$ _____ charge or fee

Terminal charge \$ _____ charge or fee

Communication software \$ _____ charge or fee

CPU connect time \$ _____ charge or fee

Others: (specify) \$ _____ charge or fee

f) Performance measurement and analytics? **yes** ___ **no** ___

If **no**, what is the flat fee for each service level?

Basic return calculation \$ _____

Historical data download \$ _____

Executive Board Reports \$ _____

Monthly Flash Reports \$ _____

Drill Down Commingled funds \$ _____

Customized benchmarks/universes \$ _____

Bond Analytics \$ _____

Attribution \$ _____

Universe Comparisons \$ _____

Others: (specify) \$ _____

g) Contractual Settlement and Auto credit program for income collection/tax reclaims?

yes ___ **no** ___

If **no**, what are the charges?

Domestic \$ _____ charge or fee

International \$ _____ charge or fee

ADR's \$ _____ charge or fee

h) Transition, conversion, and reregistration costs? **yes** ___ **no** ___

If **no**, what are the charges?

\$ _____ charge or fee

\$ _____ charge or fee

\$ _____ charge or fee

i) Penalty costs? **yes** ____ **no** ____

If **no**, what are the costs?

Third-party FX trades _____ per trade

Third-party securities lending _____ per trade

j) Out-of-pocket expenses? **yes** ____ **no** ____

If **no**, what are the charges?

Wire transfer \$ _____ charge or fee

Courier service \$ _____ charge or fee

Telex charges \$ _____ charge or fee

Computer processing \$ _____ charge or fee

Staff training \$ _____ charge or fee

Stamp duty \$ _____ charge or fee

Registration \$ _____ charge or fee

Others: (specify) \$ _____ charge or fee

k) Investment compliance checking, and risk management?

yes ____ **no** ____

If **no**, list the service and associated charge.

Basic \$ _____ charge or fee

Intermediate \$ _____ charge or fee

Others: (specify) \$ _____ charge or fee

l) Transfer Agency – Only if a viable solution? **yes** ____ **no** ____

If **no**, what are the charges?

Reporting: \$ _____ charge or fee

On-line Access: \$ _____ charge or fee

Others: _____ \$ _____ charge or fee

m) The Office of the State Treasurer requires a minimum of 40 hours for training and continuing education for keeping clients abreast of new developments within your organization and the trust/custody industry? **yes** ____ **no** ____

If **no**, what are the fees or charges?

\$ _____ charge or fee

\$ _____ charge or fee

\$ _____ charge or fee

n) Specify other charges and fees not included in the proposed FLAT FEE. If a charge or fee is in direct response to a particular RFP question, identify both section and question.

_____ \$ _____ charge or fee

_____ \$ _____ charge or fee

_____ \$ _____ charge or fee

_____ \$ _____ charge or fee

_____ \$ _____ charge or fee

- 2) You are required to provide the following information. Provide an estimate of fees/costs that the Office of the State Treasurer will incur annually. Utilize your organization's schedule or methodology, namely: traditional asset based, account based and transaction charges. State assumptions. Enumerate all charges, including charges for performance measurement, reporting, back-office support, on-line, risk and compliance, etc.

Cash Management Pool Custody Services

(The following Annual Pro-forma Fee Estimate takes into consideration the monthly valuation structure of the Cash Management Pool.)

Account Fees	# of Accounts	Fees	Pro-Forma Cost
Cash Management Pool	1 pool		
Funds/Units/Composites	3 accounts		
Separately Managed	8 accounts		
Commingled Funds	none		
Cash Accounts	3 accounts		
subtotal			
Custody Fees	Market Values	Fees	Pro-Forma Cost
Assets	\$1.8 billion		
subtotal			
Transactions	Annual Volume	Fees	Pro-Forma Cost
Depository/Fed Book Trades	2,980		
Wires	35		
Income Payments	328		
Principal Payments/Paydown	78		
subtotal			
Others: (Enumerate)			
On-line or Internet Access:			
User Interface	4 users		
Subscription			
Daily NAVs			
Daily Asset Values			
Daily Transactions			
Daily Cash			
Standard reports			
Customized reporting			
Executive and Board reporting			
Rate of Return Calculations			
Performance Analytics			
Terminal charge			
Communication software			
CPU connect time			
Others: (specify)			
Performance Measurement:			
Subscription			
Monthly Total Asset Class Returns:			
▪ Separate Accounts	8		
▪ Line Items Accounts	0		
▪ Composites	1		

<p>Monthly Total Sector Returns:</p> <ul style="list-style-type: none"> ▪ Separate Accounts 8 ▪ Composites 1 <p>Monthly Flash Performance:</p> <ul style="list-style-type: none"> ▪ Separate Accounts 8 ▪ Line Items Accounts 0 ▪ Composites 1 <p>Monthly Analytics:</p> <ul style="list-style-type: none"> ▪ Separate Accounts 8 <p>Daily Analytics:</p> <ul style="list-style-type: none"> ▪ Separate Accounts <p><u>Enumerate Charges:</u> Custom Benchmarks: Basic return calculation Historical data download Executive Board Reports Monthly Flash Reports Drill Down Comm. Funds Custom Benchmarks Universes (TUCS, etc.) Bond Analytics Attribution Trading cost analysis Universe Comparisons Others: (specify)</p>			
<p>Contractual Settlement and Auto Credit: Domestic Fixed Income</p>			
<p>Investment Guideline Compliance: Basic Intermediate Others:</p>			
<p>Transition & Conversion:</p>			
<p>40 hours of Training and Education:</p>			
<p>Penalty Costs: Third Party FX</p>			
<p>Out of Pocket: Wire Transfer Courier Service Telex Charges Computer processing Staff Training Stamp Duty Reregistration</p>			

Others:			
Transfer Agency (only if a viable solution) 19 schools 500 municipalities, local			
Miscellaneous Costs: (enumerate)			

IV. Professional Services RFP Administrative Information

A. RFP Issuance

1. Obtaining Copies of the RFP

This RFP is available in electronic form [only] through the State of Delaware, Office of State Treasurer website at <http://treasurer.delaware.gov/services/rfps.shtml> . Paper copies of this RFP will not be available.

2. Public Notice

Public notice has been provided in accordance with 29 Del. C. § 6981.

3. Assistance to Vendors with a Disability

Vendors with a disability may receive accommodation regarding the means of communicating this RFP or participating in the procurement process. For more information, contact the Designated Contact no later than ten days prior to the deadline for receipt of proposals.

4. RFP Designated Contact

All requests, questions, or other communications about this RFP shall be made in writing to the State of Delaware. Address all communications to the person listed below; communications made to other State of Delaware personnel or attempting to ask questions by phone or in person will not be allowed or recognized as valid and may disqualify the vendor. Vendors should rely only on written statements issued by the RFP designated contact.

Stephen W. McVay
Investment Manager
Office of the State Treasurer
820 Silver Lake Boulevard, Suite 100
Dover, DE 19904
302.672.6711
302.739.2274 (Fax)
Stephen.McVay@state.de.us

To ensure that written requests are received and answered in a timely manner, electronic mail (e-mail) correspondence is acceptable, but other forms of delivery, such as postal and courier services can also be used.

5. Consultants and Legal Counsel

The State of Delaware may retain consultants or legal counsel to assist in the review and evaluation of this RFP and the vendors' responses. Bidders shall not contact consultant or legal counsel on any matter related to the RFP.

6. Contact with State Employees

Direct contact with State of Delaware employees other than the State of Delaware Designated Contact regarding this RFP is expressly prohibited without prior consent. Vendors directly contacting State of Delaware employees risk elimination of their proposal from further consideration. Exceptions exist only for organizations currently doing business in the State who require contact in the normal course of doing that business.

7. Organizations Ineligible to Bid

Any individual, business, organization, corporation, consortium, partnership, joint venture, or any other entity including subcontractors currently debarred or suspended is ineligible to bid. Any entity ineligible to conduct business in the State of Delaware for any reason is ineligible to respond to the RFP.

8. Exclusions

The Proposal Evaluation Team reserves the right to refuse to consider any proposal from a vendor who:

- a) Has been convicted for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of the contract or subcontract;
- b) Has been convicted under State or Federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or other offense indicating a lack of business integrity or business honesty that currently and seriously affects responsibility as a State contractor;
- c) Has been convicted or has had a civil judgment entered for a violation under State or Federal antitrust statutes;
- d) Has violated contract provisions such as:
 - Knowing failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract; or
 - Failure to perform or unsatisfactory performance in accordance with terms of one or more contracts;
- e) Has violated ethical standards set out in law or regulation; and
- f) Any other cause listed in regulations of the State of Delaware determined to be serious and compelling as to affect responsibility as a State contractor, including suspension or debarment by another governmental entity for a cause listed in the regulations.

B. RFP Submissions

1. Acknowledgement of Understanding of Terms

By submitting a bid, each vendor shall be deemed to acknowledge that it has carefully read all sections of this RFP, including all forms, schedules and exhibits hereto, and has fully informed itself as to all existing conditions and limitations.

2. Proposals

To be considered, all proposals must be submitted in writing and respond to the items outlined in this RFP. The State reserves the right to reject any non-responsive or non-conforming proposals. Each proposal must be submitted with four paper copies and two electronic copies on CD.

All properly sealed and marked proposals are to be sent to the State of Delaware and received no later than 5:00 PM EST on June 4, 2010. The Proposals may be delivered by Express Delivery (e.g., FedEx, UPS, etc.), US Mail, or by hand to:

Stephen W. McVay
Investment Manager
Office of the State Treasurer
820 Silver Lake Boulevard, Suite 100
Dover, DE 19904

Any proposal submitted by US Mail shall be sent by either certified or registered mail. Proposals must be received at the above address no later than 5:00 PM EST on June 4, 2010. Any proposal received after this date shall not be considered and shall be returned unopened. The proposing vendor bears the risk of delays in delivery. The contents of any proposal shall not be disclosed as to be made available to competing entities during the negotiation process.

Upon receipt of vendor proposals, each vendor shall be presumed to be thoroughly familiar with all specifications and requirements of this RFP. The failure or omission to examine any form, instrument or document shall in no way relieve vendors from any obligation in respect to this RFP.

3. Proposal Modifications

Any changes, amendments or modifications to a proposal must be made in writing, submitted in the same manner as the original response and conspicuously labeled as a change, amendment or modification to a previously submitted proposal. Changes, amendments or modifications to proposals shall not be accepted or considered after the hour and date specified as the deadline for submission of proposals.

4. Proposal Costs and Expenses

The State of Delaware will not pay any costs incurred by any Vendor associated with any aspect of responding to this solicitation, including proposal preparation, printing or

delivery, attendance at vendor's conference, system demonstrations or negotiation process.

5. Proposal Expiration Date

Prices quoted in the proposal shall remain fixed and binding on the bidder at least through December 31, 2010. The State of Delaware reserves the right to ask for an extension of time if needed.

6. Late Proposals

Proposals received after the specified date and time will not be accepted or considered. To guard against premature opening, sealed proposals shall be submitted, plainly marked with the proposal title, vendor name, and time and date of the proposal opening. Evaluation of the proposals is expected to begin shortly after the proposal due date. To document compliance with the deadline, the proposal will be date and time stamped upon receipt.

7. Proposal Opening

The State of Delaware will receive proposals until the date and time shown in this RFP. Proposals will be opened only in the presence of the State of Delaware personnel. Any unopened proposals will be returned to Vendor.

There will be no public opening of proposals but a public log will be kept of the names of all vendor organizations that submitted proposals. The contents of any proposal shall not be disclosed to competing vendors prior to contract award.

8. Non-Conforming Proposals

Non-conforming proposals will not be considered. Non-conforming proposals are defined as those that do not meet the requirements of this RFP. The determination of whether an RFP requirement is substantive or a mere formality shall reside solely within the State of Delaware.

9. Concise Proposals

The State of Delaware discourages overly lengthy and costly proposals. It is the desire that proposals be prepared in a straightforward and concise manner. Unnecessarily elaborate brochures or other promotional materials beyond those sufficient to present a complete and effective proposal are not desired. The State of Delaware's interest is in the quality and responsiveness of the proposal.

10. Realistic Proposals

It is the expectation of the State of Delaware that vendors can fully satisfy the obligations of the proposal in the manner and timeframe defined within the proposal. Proposals must be realistic and must represent the best estimate of time, materials and other costs including the impact of inflation and any economic or other factors that are reasonably predictable.

The State of Delaware shall bear no responsibility or increase obligation for a vendor's failure to accurately estimate the costs or resources required to meet the obligations defined in the proposal.

11. Confidentiality of Documents

All documents submitted as part of the vendor's proposal will be deemed confidential during the evaluation process. Vendor proposals will not be available for review by anyone other than the State of Delaware/Proposal Evaluation Team or its designated agents. There shall be no disclosure of any vendor's information to a competing vendor prior to award of the contract.

The State of Delaware is a public agency as defined by state law, and as such, it is subject to the Delaware Freedom of Information Act, 29 Del. C. Ch. 100. Under the law, all the State of Delaware's records are public records (unless otherwise declared by law to be confidential) and are subject to inspection and copying by any person. Vendor(s) are advised that once a proposal is received by the State of Delaware and a decision on contract award is made, its contents will become public record and nothing contained in the proposal will be deemed to be confidential except proprietary information.

Vendor(s) shall not include any information in their proposal that is proprietary in nature or that they would not want to be released to the public. Proposals must contain sufficient information to be evaluated and a contract written without reference to any proprietary information. If a vendor feels that they cannot submit their proposal without including proprietary information, they must adhere to the following procedure or their proposal may be deemed unresponsive and will not be recommended for selection. Vendor(s) must submit such information in a separate, sealed envelope labeled "Proprietary Information" with the RFP number. The envelope must contain a letter from the Vendor's legal counsel describing the documents in the envelope, representing in good faith that the information in each document is not "public record" as defined by 29 Del. C. § 10002(d), and briefly stating the reasons that each document meets the said definitions.

Upon receipt of a proposal accompanied by such a separate, sealed envelope, the State of Delaware will open the envelope to determine whether the procedure described above has been followed.

12. Multi-Vendor Solutions (Joint Ventures)

Multi-vendor solutions (joint ventures) will be allowed only if one of the venture partners is designated as the "**prime contractor**". The "**prime contractor**" must be the joint venture's contact point for the State of Delaware and be responsible for the joint venture's performance under the contract, including all project management, legal and financial responsibility for the implementation of all vendor's systems. If a joint venture is proposed, a copy of the joint venture agreement clearly describing the responsibilities of the partners must be submitted with the proposal. Services specified in the proposal shall not be subcontracted without prior written approval by the State of Delaware, and approval of a request to subcontract shall not in any way relieve Vendor of responsibility

for the professional and technical accuracy and adequacy of the work. Further, vendor shall be and remain liable for all damages to the State of Delaware caused by negligent performance or non-performance of work by its subcontractor or its sub-subcontractor.

Multi-vendor proposals must be a consolidated response with all cost included in the cost summary. Where necessary, RFP response pages are to be duplicated for each vendor.

a. Primary Vendor

The State of Delaware expects to negotiate and contract with only one “prime vendor”. The State of Delaware will not accept any proposals that reflect an equal teaming arrangement or from vendors who are co-bidding on this RFP. The prime vendor will be responsible for the management of all subcontractors.

Any contract that may result from this RFP shall specify that the prime vendor is solely responsible for fulfillment of any contract with the State as a result of this procurement. The State will make contract payments only to the awarded vendor. Payments to any-subcontractors are the sole responsibility of the prime vendor (awarded vendor).

Nothing in this section shall prohibit the State of Delaware from the full exercise of its options under Section IV.B.16 regarding multiple source contracting.

b. Sub-Contracting

The vendor selected shall be solely responsible for contractual performance and management of all subcontract relationships. This contract allows subcontracting assignments; however, vendors assume all responsibility for work quality, delivery, installation, maintenance, and any supporting services required by a subcontractor.

Use of subcontractors must be clearly explained in the proposal, and major subcontractors must be identified by name. **The prime vendor shall be wholly responsible for the entire contract performance whether or not subcontractors are used.** Any sub-contractors must be approved by State of Delaware.

c. Multiple Proposals

A primary vendor may not participate in more than one proposal in any form. Sub-contracting vendors may participate in multiple joint venture proposals.

13. Sub-Contracting

The vendor selected shall be solely responsible for contractual performance and management of all subcontract relationships. This contract allows subcontracting assignments; however, vendors assume all responsibility for work quality, delivery, installation, maintenance, and any supporting services required by a subcontractor.

Use of subcontractors must be clearly explained in the proposal, and subcontractors must be identified by name. Any sub-contractors must be approved by State of Delaware.

14. Discrepancies and Omissions

Vendor is fully responsible for the completeness and accuracy of their proposal, and for examining this RFP and all addenda. Failure to do so will be at the sole risk of vendor. Should vendor find discrepancies, omissions, unclear or ambiguous intent or meaning, or should any questions arise concerning this RFP, vendor shall notify the State of Delaware's Designated Contact, in writing, of such findings at least ten (10) days before the proposal opening. This will allow issuance of any necessary addenda. It will also help prevent the opening of a defective proposal and exposure of vendor's proposal upon which award could not be made. All unresolved issues should be addressed in the proposal.

Protests based on any omission or error, or on the content of the solicitation, will be disallowed if these faults have not been brought to the attention of the Designated Contact, in writing, no later than ten (10) calendar days prior to the time set for opening of the proposals.

a. RFP Question and Answer Process

The State of Delaware will allow written requests for clarification of the RFP. All questions will be consolidated into a single set of responses and posted on the State's website at <http://treasurer.delaware.gov/services/rfps.shtml> by 12:00 PM each Friday. Vendors' names will be removed from questions in the responses released. Questions should be submitted in the following format. Deviations from this format will not be accepted.

Section number

Paragraph number

Page number

Text of passage being questioned

Question

Questions not submitted electronically shall be accompanied by a CD and questions shall be formatted in Microsoft Word.

15. State's Right to Reject Proposals

The State of Delaware reserves the right to accept or reject any or all proposals or any part of any proposal, to waive defects, technicalities or any specifications (whether they be in the State of Delaware's specifications or vendor's response), to sit and act as sole judge of the merit and qualifications of each product offered, or to solicit new proposals on the same project or on a modified project which may include portions of the originally proposed project as the State of Delaware may deem necessary in the best interest of the State of Delaware.

16. State's Right to Cancel Solicitation

The State of Delaware reserves the right to cancel this solicitation at any time during the procurement process, for any reason or for no reason. The State of Delaware makes no commitments expressed or implied, that this process will result in a business transaction with any vendor.

This RFP does not constitute an offer by the State of Delaware. Vendor's participation in this process may result in the State of Delaware selecting your organization to engage in further discussions and negotiations toward execution of a contract. The commencement of such negotiations does not, however, signify a commitment by the State of Delaware to execute a contract nor to continue negotiations. The State of Delaware may terminate negotiations at any time and for any reason, or for no reason.

17. State's Right to Award Multiple Source Contracting

Pursuant to 29 Del. C. § 6986, the State of Delaware may award a contract for a particular professional service to two or more vendors if the agency head makes a determination that such an award is in the best interest of the State of Delaware.

18. Notification of Withdrawal of Proposal

Vendor may modify or withdraw its proposal by written request, provided that both proposal and request is received by the State of Delaware prior to the proposal due date. Proposals may be re-submitted in accordance with the proposal due date in order to be considered further.

Proposals become the property of the State of Delaware at the proposal submission deadline. All proposals received are considered firm offers at that time.

19. Revisions to the RFP

If it becomes necessary to revise any part of the RFP, an addendum will be posted on the State of Delaware's website at <http://treasurer.delaware.gov/services/rfps.shtml> . The State of Delaware is not bound by any statement related to this RFP made by any State of Delaware employee, contractor or its agents.

20. Exceptions to the RFP

Any exceptions to the RFP, or the State of Delaware's terms and conditions, must be highlighted and included in writing in the proposal. Acceptance of exceptions is within the sole discretion of the evaluation committee.

21. Award of Contract

The final award of a contract is subject to approval by the State of Delaware. The State of Delaware has the sole right to select the successful vendor(s) for award, to reject any proposal as unsatisfactory or non-responsive, to award a contract to other than the lowest priced proposal, to award multiple contracts, or not to award a contract, as a result of this RFP.

Notice in writing to a vendor of the acceptance of its proposal by the State of Delaware and the subsequent full execution of a written contract will constitute a contract, and no vendor will acquire any legal or equitable rights or privileges until the occurrence of both such events.

a. RFP Award Notifications

After reviews of the evaluation committee report and its recommendation, and once the contract terms and conditions have been finalized, the State of Delaware will award the contract.

The contract shall be awarded to the vendor whose proposal is most advantageous, taking into consideration the evaluation factors set forth in the RFP.

It should be explicitly noted that the State of Delaware is not obligated to award the contract to the vendor who submits the lowest bid or the vendor who receives the highest total point score, rather the contract will be awarded to the vendor whose proposal is the most advantageous to the State of Delaware. The award is subject to the appropriate State of Delaware approvals.

After a final selection is made, the winning vendor will be invited to negotiate a contract with the State of Delaware; remaining vendors will be notified in writing of their selection status.

C. RFP Evaluation Process

An evaluation team composed of representatives of the State of Delaware will evaluate proposals on a variety of quantitative criteria. Neither the lowest price nor highest scoring proposal will necessarily be selected.

The State of Delaware reserves full discretion to determine the competence and responsibility, professionally and/or financially, of vendors. Vendors are to provide in a timely manner any and all information that the State of Delaware may deem necessary to make a decision.

1. Proposal Evaluation Team

The Proposal Evaluation Team shall be comprised of representatives of the State of Delaware. The Team shall determine which vendors meet the minimum requirements and procedures established in 29 *Del. C.* §§ 6981 and 6982. The Team may negotiate with one or more vendors during the same period and may, at its discretion, terminate negotiations with any or all vendors. The Team shall make a recommendation regarding the award to the Board, who shall have final authority, subject to the provisions of this RFP and 29 *Del. C.* § 6982, to award a contract to the successful vendor in the best interests of the State of Delaware.

2. Proposal Selection

The Proposal Evaluation Team shall assign up to the maximum number of points for each Evaluation Item to each of the proposing vendor's proposals. All assignments of points shall be at the sole discretion of the Proposal Evaluation Team.

The proposals all contain the essential information on which the award decision shall be made. The information required to be submitted in response to this RFP has been determined by the State of Delaware to be essential for use by the Team in the bid evaluation and award process. Therefore, all instructions contained in this RFP shall be met in order to qualify as a responsive and responsible contractor and participate in the Proposal Evaluation Team's consideration for award. Proposals which do not meet or comply with the instructions of this RFP may be considered non-conforming and deemed non-responsive and subject to disqualification at the sole discretion of the Team.

The Team reserves the right to:

- Select for contract or for negotiations a proposal other than that with lowest costs.
- Reject any and all proposals or portions of proposals received in response to this RFP or to make no award or issue a new RFP.
- Waive or modify any information, irregularity, or inconsistency in proposals received.
- Request modification to proposals from any or all vendors during the contract review and negotiation.
- Negotiate any aspect of the proposal with any vendor and negotiate with more than one vendor at the same time.

a. Criteria Weight

All proposals shall be evaluated using the same criteria and scoring process. The following criteria shall be used by the Evaluation Team to evaluate proposals:

Criteria	Weight
Organization & Experience	20%
Custody and Accounting	30%
Risk Monitoring, Performance Measurement and Analytics	30%
Cost	20%
Total	100%

3. Proposal Clarification

The Evaluation Team may contact any vendor in order to clarify uncertainties or eliminate confusion concerning the contents of a proposal. Proposals may not be modified as a result of any such clarification request.

4. References

The Evaluation Team may contact any customer of the vendor, whether or not included in the vendor's reference list, and use such information in the evaluation process. Additionally, the State of Delaware may choose to visit existing installations of comparable systems, which may or may not include vendor personnel. If the vendor is involved in such site visits, the State of Delaware will pay travel costs only for State of Delaware personnel for these visits.

5. Oral Presentations

Selected vendors may be invited to make oral presentations to the Evaluation Team. The vendor representative(s) attending the oral presentation shall be technically qualified to respond to questions related to the proposed system and its components.

All of the vendor's costs associated with participation in oral discussions and system demonstrations conducted for the State of Delaware are the vendor's responsibility.

D. Contract Terms and Conditions

1. General Information

a. The term of the contract between the successful bidder and the State shall be for five years with five extensions for a period of one year for each extension.

b. The selected vendor will be required to enter into a written agreement with the State of Delaware. The State of Delaware reserves the right to incorporate standard State contractual provisions into any contract negotiated as a result of a proposal submitted in response to this RFP. Any proposed modifications to the terms and conditions of the standard contract are subject to review and approval by the State of Delaware. Vendors will be required to sign the contract for all services, and may be required to sign additional agreements.

c. The selected vendor or vendors will be expected to enter negotiations with the State of Delaware, which will result in a formal contract between parties. Procurement will be in accordance with subsequent contracted agreement. This RFP and the selected vendor's response to this RFP will be incorporated as part of any formal contract.

d. The State of Delaware's standard contract will most likely be supplemented with the vendor's software license, support/maintenance, source code escrow agreements, and any other applicable agreements. The terms and conditions of these agreements will be negotiated with the finalist during actual contract negotiations.

e. The successful vendor shall promptly execute a contract incorporating the terms of this RFP. No vendor is to begin any service prior to receipt a State of Delaware purchase order signed by two authorized representatives of the agency requesting service, properly processed through the State of Delaware Accounting Office and the Department of Finance. The purchase order shall serve as the authorization to proceed in accordance with the bid specifications and the special instructions, once it is received by the successful vendor.

f. If the vendor to whom the award is made fails to enter into the agreement as herein provided, the award will be annulled, and an award may be made to another vendor. Such vendor shall fulfill every stipulation embraced herein as if they were the party to whom the first award was made.

2. Collusion or Fraud

Any evidence of agreement or collusion among vendor(s) and prospective vendor(s) acting to illegally restrain freedom from competition by agreement to offer a fixed price, or otherwise, will render the offers of such vendor(s) void.

By responding, the vendor shall be deemed to have represented and warranted that its proposal is not made in connection with any competing vendor submitting a separate response to this RFP, and is in all respects fair and without collusion or fraud; that the vendor did not participate in the RFP development process and had no knowledge of the specific contents of the RFP prior to its issuance; and that no employee or official of the State of Delaware participated directly or indirectly in the vendor's proposal preparation.

Advance knowledge of information which gives any particular vendor advantages over any other interested vendor(s), in advance of the opening of proposals, whether in response to advertising or an employee or representative thereof, will potentially void that particular proposal.

3. Lobbying and Gratuities

Lobbying or providing gratuities shall be strictly prohibited. Vendors found to be lobbying, providing gratuities to, or in any way attempting to influence a State of Delaware employee or agent of the State of Delaware concerning this RFP or the award of a contract resulting from this RFP shall have their proposal immediately rejected and shall be barred from further participation in this RFP.

The selected vendor will warrant that no person or selling agency has been employed or retained to solicit or secure a contract resulting from this RFP upon agreement or understanding for a commission, or a percentage, brokerage or contingent fee. For breach or violation of this warranty, the State of Delaware shall have the right to annul

any contract resulting from this RFP without liability or at its discretion deduct from the contract price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

All contact with State of Delaware employees, contractors or agents of the State of Delaware concerning this RFP shall be conducted in strict accordance with the manner, forum and conditions set forth in this RFP.

4. Solicitation of State Employees

Until contract award, vendors shall not, directly or indirectly, solicit any employee of the State of Delaware to leave the State of Delaware's employ in order to accept employment with the vendor, its affiliates, actual or prospective contractors, or any person acting in concert with vendor, without prior written approval of the State of Delaware's contracting officer. Solicitation of State of Delaware employees by a vendor may result in rejection of the vendor's proposal.

This paragraph does not prevent the employment by a vendor of a State of Delaware employee who has initiated contact with the vendor. However, State of Delaware employees may be legally prohibited from accepting employment with the contractor or subcontractor under certain circumstances. Vendors may not knowingly employ a person who cannot legally accept employment under state or federal law. If a vendor discovers that they have done so, they must terminate that employment immediately.

5. General Contract Terms

a. Independent contractors

The parties to the contract shall be independent contractors to one another, and nothing herein shall be deemed to cause this agreement to create an agency, partnership, joint venture or employment relationship between parties. Each party shall be responsible for compliance with all applicable workers compensation, unemployment, disability insurance, social security withholding and all other similar matters. Neither party shall be liable for any debts, accounts, obligations or other liability whatsoever of the other party, or any other obligation of the other party to pay on the behalf of its employees or to withhold from any compensation paid to such employees any social benefits, workers compensation insurance premiums or any income or other similar taxes.

It may be at the State of Delaware's discretion as to the location of work for the contractual support personnel during the project period. The State of Delaware shall provide working space and sufficient supplies and material to augment the Contractor's services.

b. Non-Appropriation

In the event the General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the

expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

c. Licenses and Permits

In performance of the contract, the vendor will be required to comply with all applicable federal, state and local laws, ordinances, codes, and regulations. The cost of permits and other relevant costs required in the performance of the contract shall be borne by the successful vendor. The vendor shall be properly licensed and authorized to transact business in the State of Delaware as provided in 30 *Del. C.* § 2502.

Prior to receiving an award, the successful vendor shall either furnish the State of Delaware with proof of State of Delaware Business Licensure or initiate the process of application where required. An application may be requested in writing to: Division of Revenue, Carvel State Building, P.O. Box 8750, 820 N. French Street, Wilmington, DE 19899 or by telephone to one of the following numbers: (302) 577-8200—Public Service, (302) 577-8205—Licensing Department.

Information regarding the award of the contract will be given to the Division of Revenue. Failure to comply with the State of Delaware licensing requirements may subject vendor to applicable fines and/or interest penalties.

d. Notice

Any notice to the State of Delaware required under the contract shall be sent by registered mail to:

Stephen W. McVay
Investment Manager
Office of the State Treasurer
820 Silver Lake Boulevard, Suite 100
Dover, DE 19904

e. Indemnification

1. General Indemnification.

By submitting a proposal, the proposing vendor agrees that in the event it is awarded a contract, it will indemnify and otherwise hold harmless the State of Delaware, its agents and employees from any and all liability, suits, actions, or claims, together with all costs, expenses for attorney's fees, arising out of the vendor's its agents and employees' performance work or services in connection with the contract, regardless of whether such suits, actions, claims or liabilities are based upon acts or failures to act attributable, solely or in part, to the State, its employees or agents.

2. Proprietary Rights Indemnification

Vendor shall warrant that all elements of its solution, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against the State of Delaware, the State of Delaware shall promptly notify the vendor in writing and vendor shall defend such claim, suit or action at vendor's expense, and vendor shall indemnify the State of Delaware against any loss, cost, damage, expense or liability arising out of such claim, suit or action (including, without limitation, litigation costs, lost employee time, and counsel fees) whether or not such claim, suit or action is successful.

If any equipment, software, services (including methods) products or other intellectual property used or furnished by the vendor (collectively ""Products") is or in vendor's reasonable judgment is likely to be, held to constitute an infringing product, vendor shall at its expense and option either:

- (a) Procure the right for the State of Delaware to continue using the Product(s);
- (b) Replace the product with a non-infringing equivalent that satisfies all the requirements of the contract; or
- (c) Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the Product(s) or any part of the work to fail to conform to the requirements of the Contract, or only alters the Product(s) to a degree that the State of Delaware agrees to and accepts in writing.

f. Insurance

1. Vendor recognizes that it is operating as an independent contractor and that it is liable for any and all losses, penalties, damages, expenses, attorney's fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and all property, of any nature, arising out of the vendor's negligent performance under this contract, and particularly without limiting the foregoing, caused

by, resulting from, or arising out of any act of omission on the part of the vendor in their negligent performance under this contract.

2. The vendor shall maintain such insurance as will protect against claims under Worker's Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this contract. The vendor is an independent contractor and is not an employee of the State of Delaware.

3. During the term of this contract, the vendor shall, at its own expense, carry insurance minimum limits as follows:

a.	Comprehensive General Liability	\$1,000,000
b.	Professional Liability/Misc. Error & Omissions/Product Liability	\$1,000,000/\$3,000,000

If the contractual service requires the transportation of departmental clients or staff, the vendor shall, in addition to the above coverages, secure at its own expense the following coverage:

a.	Automotive Liability (Bodily Injury)	\$100,000/\$300,000
b.	Automotive Property Damage (to others)	\$ 25,000

4. The vendor shall provide a certificate of insurance as proof that the vendor has the required insurance.

g. Performance Requirements

The selected Vendor will warrant that it possesses, or has arranged through subcontractors, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all Federal and State laws, and County and local ordinances, regulations and codes.

h. Warranty

The Vendor will provide a warranty that the deliverables provided pursuant to the contract will function as designed for a period of no less than one (1) year from the date of system acceptance. The warranty shall require the Vendor correct, at its own expense, the setup, configuration, customizations or modifications so that it functions according to the State's requirements.

i. Costs and Payment Schedules

All contract costs must be as detailed specifically in the Vendor's cost proposal. No charges other than as specified in the proposal shall be allowed without written consent of

the State of Delaware. The proposal costs shall include full compensation for all taxes that the selected vendor is required to pay.

The State of Delaware will require a payment schedule based on defined and measurable milestones. Payments for services will not be made in advance of work performed. The State of Delaware may require holdback of contract monies until acceptable performance is demonstrated (as much as 25%).

j. Penalties

The State of Delaware may include in the final contract penalty provisions for non-performance, such as liquidated damages.

k. Termination for Cause.

If for any reasons, or through any cause, the Vendor fails to fulfil in timely and proper manner his obligations under the contract, or if the Vendor violates any of the covenants, agreements or stipulations of the contract, the State of Delaware shall thereupon have the right to terminate the contract by giving written notice to the Vendor of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Vendor under the contract shall, at the option of the State of Delaware, become its property, and the Vendor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which is useable to the State of Delaware.

l. Termination for Convenience

The State of Delaware may terminate the contract at any time by giving written notice of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Vendor under the contract shall, at the option of the State of Delaware, become its property, and the Vendor shall be entitled to compensation for any satisfactory work completed on such documents and other materials which is useable to the State of Delaware. If the contract is terminated by the State of Delaware as so provided, the Vendor will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Vendor as covered by the contract, less payments of compensation previously made. Provided however, that if less than 60 percent of the services covered by the contract have been performed upon the effective date of termination, the Vendor shall be reimbursed (in addition to the above payment) for that portion of actual out of pocket expenses (not otherwise reimbursed under the contract) incurred by the Vendor during the contract period which are directly attributable to the uncompleted portion of the services covered by the contract.

m. Non-discrimination

In performing the services subject to this RFP the vendor will agree that it will not discriminate against any employee or applicant for employment because of race, creed, color, sex or national origin. The successful vendor shall comply with all federal and state laws, regulations and policies pertaining to the prevention of discriminatory employment practice. Failure to perform under this provision constitutes a material breach of contract.

n. Covenant against Contingent Fees

The successful vendor will warrant that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees, bona-fide established commercial or selling agencies maintained by the Vendor for the purpose of securing business. For breach or violation of this warranty the State of Delaware shall have the right to annul the contract without liability or at its discretion to deduct from the contract price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

o. Vendor Activity

No activity is to be executed in an off shore facility, either by a subcontracted firm or a foreign office or division of the vendor. The vendor must attest to the fact that no activity will take place outside of the United States in its transmittal letter. Failure to adhere to this requirement is cause for elimination from future consideration.

p. Work Product

All materials and products developed under the executed contract by the vendor are the sole and exclusive property of the State. The vendor will seek written permission to use any product created under the contract.

p. Contract Documents

The RFP, the purchase order, the executed contract and any supplemental documents between the State of Delaware and the successful vendor shall constitute the contract between the State of Delaware and the vendor. In the event there is any discrepancy between any of these contract documents, the following order of documents governs so that the former prevails over the latter: contract, State of Delaware's RFP, Vendor's response to the RFP and purchase order. No other documents shall be considered. These documents will constitute the entire agreement between the State of Delaware and the vendor.

q. Applicable Law

The laws of the State of Delaware shall apply, except where Federal Law has precedence. The successful vendor consents to jurisdiction and venue in the State of Delaware.

In submitting a proposal, Vendors certify that they comply with all federal, state and local laws applicable to its activities and obligations including:

- (1) the laws of the State of Delaware;
- (2) the applicable portion of the Federal Civil Rights Act of 1964;
- (3) the Equal Employment Opportunity Act and the regulations issued there under by the federal government;
- (4) a condition that the proposal submitted was independently arrived at, without collusion, under penalty of perjury; and
- (5) that programs, services, and activities provided to the general public under resulting contract conform with the Americans with Disabilities Act of 1990, and the regulations issued there under by the federal government.

If any vendor fails to comply with (1) through (5) of this paragraph, the State of Delaware reserves the right to disregard the proposal, terminate the contract, or consider the vendor in default.

The selected vendor shall keep itself fully informed of and shall observe and comply with all applicable existing Federal and State laws, and County and local ordinances, regulations and codes, and those laws, ordinances, regulations, and codes adopted during its performance of the work.

r. Scope of Agreement

If the scope of any provision of the contract is determined to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the contract shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

s. Other General Conditions

- (1) **Current Version** – “Packaged” application and system software shall be the most current version generally available as of the date of the physical installation of the software.
- (2) **Current Manufacture** – Equipment specified and/or furnished under this specification shall be standard products of manufacturers regularly engaged in the production of such equipment and shall be the manufacturer’s latest design. All material and equipment offered shall be new and unused.
- (3) **Volumes and Quantities** – Activity volume estimates and other quantities have been reviewed for accuracy; however, they may be subject to change prior or subsequent to award of the contract.
- (4) **Prior Use** – The State of Delaware reserves the right to use equipment and material furnished under this proposal prior to final acceptance. Such use shall not constitute acceptance of the work or any part thereof by the State of Delaware.

- (5) **Status Reporting** – The selected vendor will be required to lead and/or participate in status meetings and submit status reports covering such items as progress of work being performed, milestones attained, resources expended, problems encountered and corrective action taken, until final system acceptance.
- (6) **Regulations** – All equipment, software and services must meet all applicable local, State and Federal regulations in effect on the date of the contract.
- (7) **Changes** – No alterations in any terms, conditions, delivery, price, quality, or specifications of items ordered will be effective without the written consent of the State of Delaware.
- (8) **Additional Terms and Conditions** – The State of Delaware reserves the right to add terms and conditions during the contract negotiations.

E. RFP Miscellaneous Information

1. No Press Releases or Public Disclosure

Vendors may not release any information about this RFP. The State of Delaware reserves the right to pre-approve any news or advertising releases concerning this RFP, the resulting contract, the work performed, or any reference to the State of Delaware with regard to any project or contract performance. Any such news or advertising releases pertaining to this RFP or resulting contract shall require the prior express written permission of the State of Delaware.

2. RFP Reference Library

The State of Delaware has made every attempt to provide the necessary information within this RFP. The State of Delaware will make the reference library available only to the winning bidder.

3. Definitions of Requirements

To prevent any confusion about identifying requirements in this RFP, the following definition is offered: The words *shall*, *will* and/or *must* are used to designate a mandatory requirement. Vendors must respond to all mandatory requirements presented in the RFP. Failure to respond to a mandatory requirement may cause the disqualification of your proposal.

4. Production Environment Requirements

The State of Delaware requires that all hardware, system software products, and application software products included in proposals be currently in use in a production environment by a least three other customers, have been in use for at least six months, and have been generally available from the manufacturers for a period of six months. Unreleased or beta test hardware, system software, or application software will not be acceptable.